

Administrative Cost Allocation Policy

1. Purpose

The purpose of this policy is to ensure that administrative costs are allocated in a fair, consistent, and transparent manner to programs and projects within the organization. This enables Rabai Empowerment for Community (RefCom) to achieve financial accountability and ensure compliance with donor requirements and organizational goals.

2. Scope

This policy applies to all administrative costs incurred by RefCom, including salaries, utilities, office supplies, rent, and other indirect costs. It covers all projects, programs, and activities under the organization.

3. Definition of Administrative Costs

Administrative costs are indirect expenses that support the general operation of the organization and cannot be attributed directly to specific projects. Examples include:

- Salaries and benefits of administrative staff.
- Office rent and utilities.
- IT and communication services.
- Office supplies and equipment.
- Professional fees (e.g., legal, auditing).

4. Allocation Methods

Administrative costs will be allocated using the following methods, depending on the nature of the expense and the program's contribution:

4.1. Proportional Allocation

Costs are allocated based on the percentage of direct program expenditures. For instance, if a program accounts for 40% of total direct expenses, it will be allocated 10% of administrative costs.

4.2. Time and Effort Reporting

For salaries and wages, costs are allocated based on the proportion of time staff spend on different projects or activities, as documented through timesheets or similar tracking methods.

4.3. Space Utilization

Rent and utilities are allocated based on the amount of office space utilized by each program or activity.

4.4. Fixed Overhead Rate

A pre-determined percentage (20%) of the total project budget may be allocated to cover administrative costs, subject to donor agreement.

5. Donor-Specific Requirements

If a donor has specific requirements for administrative cost allocation, the organization will adhere to those guidelines as long as they align with the organization's financial policies and regulatory standards.

6. Documentation and Reporting

- All administrative costs and allocation calculations will be documented and retained for audit and review purposes.
- Financial reports will clearly distinguish between direct and administrative costs.


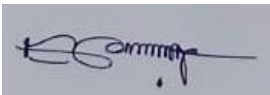
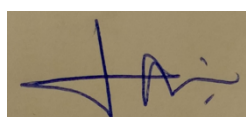
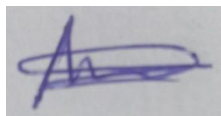
7. Review and Approval

This policy will be reviewed annually by the Finance Committee to ensure its effectiveness and compliance with applicable regulations. Any changes to the policy must be approved by the Board of Directors.

8. Effective Date

This policy is effective as of [insert date] and will remain in force until further notice.

Approved by:

S/NO	Names, Postal Addresses, position held and Occupations of Directors	ID number of Director	Mobile Number of Director	Signatures of Directors
1.	James Katana Gibson	21005098	0723 734 303	
2.	Edward Chongwa Gamimbah	14499314	0721 786 550	
3.	Lennox Ringa Mwabaya	28186907	0718 056 796	
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5.	Douglas Shauri Saha	11876086	0711 449 317	